APPENDIX J

Excerpts of Transcript - Arguments on Presentence Report dated 5/16/97

...judges on the record say that they -- they're constrained. They do no like it. They do not appreciate the guidelines, and it has happened -- it happens with frequency in the Central District of California. And what they're really talking about is when the guidelines intersect with the mandatory minimum in drug cases under the -- the drug act, which then sets the bottom for the mandatory minimum where the guidelines, the fluidity, the flexibility of the guidelines can't be taken into effect, and where the offender is -- does not fall within the recent revision of the safety valve provision.

What I meant by that was, this isn't a drug case. This is a case where the guidelines work well, because they afford flexibility. They afford flexibility —

THE COURT: One of the problems with guidelines, and you're going to find out in the recent amendment, there is a big increase in white collar crime. Because the guidelines, by and large, the consensus is that they're too lenient in this area of fraud.

So, you're going to see a major shift, probably in November of this year. I believe the proposed amendments are out now, and there's going to be a big increase, because in this area, it's been determined that the guidelines, the calculations are too lenient.

They may be too strict in the drug area, but in this area here, it turns the other way around.